



Interreg V-A - Estonia-Latvia

**Cooperation programme under European territorial
cooperation goal**

Annual Implementation Report 2017

April 2018

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1. IDENTIFICATION OF THE ANNUAL IMPLEMENTATION REPORT

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2. OVERVIEW OF THE IMPLEMENTATION OF THE COOPERATION

PROGRAMME (Article 50(2) of Regulation (EU) No 1303/2013 and Article 14(3)(A) of Regulation (EU) No 1299/2013)

The programme Interreg V-A EE-LV - Estonia-Latvia, (Estonia - Latvia Programme or the programme), which is the cooperation programme under the European territorial cooperation goal, was adopted by the European Commission on 4 December 2015 with the decision C(2015) 8926.

The programme covers the following NUTS regions: EE004 Lääne-Eesti, EE008 – Lõuna-Eesti, LV003 - Kurzeme, LV006 – Rīga, LV007 – Pierīga, LV008 – Vidzeme. For the implementation of the programme the Agreement on management and administration of the Estonia-Latvia Programme 2014-2020 was signed between the Republic of Latvia, the Republic of Estonia, and the Ministry of Finance of the Republic of Estonia on 07.07.2016. **The total budget of the programme is 45 654 342 EUR** of which the **EU support is 38 020 684 EUR**. For projects the foreseen ERDF amount is 35 359 237 EUR. The rest of the budget is allocated to technical assistance (TA). The programme has five priority axes with relevant specific objectives, which are more elaborated further in the report.

The year 2017 started with the 3rd Monitoring Committee (MC) meeting in January 2017. At that meeting, the MC took the selection decisions on the project applications submitted within the first call for proposals. Out of 38 project applications 28 were selected for financing. This first call was opened on 23 February 2016 and the submission deadline for full project applications was 7 October 2016. The procedure for application is described in the Programme Manual as well as in the AIR 2016. The total ERDF allocation for the selected and contracted projects was 15 017 774.86 EUR.

In addition, financing of the only pre-defined project – “Improvement of sailing infrastructure and yacht harbours network building in Estonia and Latvia” was approved in May 2017. The ERDF allocation to this project is 9 333 981.31 EUR and the total budget 10 981 154.53 EUR.

Altogether, the programme committed 24 351 756.17 EUR of ERDF funds to 29 projects in 2017 and the financed projects fulfil large part of the programme output indicators. The Subsidy Contracts have been signed for all 29 projects, which involve 167 partners. 12 lead partners come from Latvia and 17 from Estonia. During the whole year, the project partners have actively implemented their activities, the first partner, and progress reports were submitted and first payments by the MA were made. Cumulatively 931 056.18 EUR has been certified to the European Commission since the start of the programme.

At the same meeting the MC discussed and approved the criteria for opening the 2nd call for proposals. It was decided to open the call for priority 2 for SO 2.1 and 2.2, and priority 4 for the SO 4.1. For SO 1.1 under priority 1 all the allocated funds were committed with the decisions of the first call and based on the project applications, also all output indicators are estimated to be fulfilled. Under SO 1.2 submission and assessment criteria for small and medium size enterprises (SME) needed revision.

The 2nd call was opened on 24 March 2017. The official opening was preceded by two seminars devoted to the themes of the SOs. By the submission deadline for the project ideas on 12 May 2017, 22 ideas were received including 109 different organisations with 15 lead applicants from Latvia and 7 from Estonia.

The ideas were discussed at the 4th MC meeting on 12-13 July 2017. 9 of those ideas were recommended to proceed and submit full application. By the deadline of 6 October 2017 also 9 full applications were received.

The programme has put much emphasis on the explanation of the rules of the project implementation to the partners of the approved projects: the Joint Secretariat (JS) organised four seminars on the rules on reporting, publicity and general project implementation. Two practical training seminars on public procurement were organized for applicants in Estonia and in Latvia.

In spring 2017 the preparations for the third call for proposals started, which was meant only for SO 1.2. The task force of the programme analysed the assessment methodology and results of the first call as regards the projects under SO 1.2, which aims at developing joint products and services in the programme area. It was concluded that much more emphasis need to be put on the financial capacity of the participating companies. Consequently some additional technical eligibility and quality criteria and financial assessment as separate assessment stage were introduced. It was decided to omit the idea phase, only full project applications were submitted. By the deadline 14 December 2017, 23 applications were received. The selection decisions were taken at the MC meeting in April 2018.

As regards the visibility and promotion of the programme there was much progress, especially in social media, where the number of followers is growing steadily. In the beginning of the year the programme launched the newly designed webpage where the news feed comes directly from programme's Facebook page. As the projects progressed, the partners became more and more active in publishing their activities in various channels of social media.

The highlight of the year was traditionally the celebration of the European Cooperation Day on 23 September. For the third time ca 200 people from South-Estonia and North-Latvia did some in-kind work outdoors and had fun kick-biking across the border, this time in Ape manor park in Latvia and Vastse-Roosa in Estonia. As one of the supported topic in the programme is awareness raising in waste sorting and re-use, we set an example in different ways throughout the cooperation day: we did not use plastic packaging, water bottles or tableware. Instead we ate locally made food, drank tap water and used wooden and second hand dishes. In the manor park we sorted gathered waste in five different containers. Instead of usual giveaways or souvenirs, participants got a shirt made by local Estonian sewing factory from industrial waste - environmentally friendly cotton.

Besides activities related to project application and selection, various steps were taken as regards programme management and implementation. To ease the verifications by financial control (FC), simplification of financial control procedures was initiated in August 2017. Sample based checking methodology was worked out by the MA in consultation with the FCs of Estonia and Latvia. The methodology was approved by the MC at the meeting in January 2018 and the FCs had the obligation to start using it from the 1st of February 2018.

In order to help the applicants and beneficiaries to better navigate between the calls of proposals and their requirements, different manuals have been prepared for all calls and also for the pre-defined project. The manual for the third call for proposals was prepared and approved and the ones for the 1st and 2nd call were updated in 2017. Also new functionalities were included into the programme's electronic monitoring system eMS to further facilitate the data exchange between the programme bodies and between the programme bodies and beneficiaries.

3. IMPLEMENTATION OF THE PRIORITY AXIS (Article 50(2) of Regulation (EU) No 130372013)

3.1 Overview of the implementation

Priority axis 1. Active and attractive business environment

This priority axis includes 2 SOs, **The projects under SO 1.1 “Increased entrepreneurial cross-border cooperation in the programme area”** are expected to promote entrepreneurial cooperation and carry out different events and activities to bring Estonian and Latvian entrepreneurs together. 9 applications were funded under this SO with the ERDF allocation of 2 652 469.79 EUR.

The programme can be proud of the creativity of the project partners as many different and innovative themes are explored by the projects. These include life sciences and biotechnology, training the next generation entrepreneurs with hands-on methods in space STEM, providing pre-accelerator programme for start-ups etc. In line with the contemporary business-starting concept, cross-border teams organised by the project **“EstLat accelerate”** developed joint ideas and practice pitching them in different start-up events. The project **“Wood and furniture”** used very popular Hackathon Garage48 to let the teams develop new products or solve industries’ problems in 48 hours.

SO 1.2, “More jointly developed products and services in the programme area” is targeted primarily at supporting existing business in joint product and service development as well as joint marketing activities. 8 project applications were funded under this SO with the ERDF allocation of 2 789 187.13 EUR.

During 2017, the project partners started actively the development of 7 different products and marketing activities: unified geospatial products and services, cloud resources and IT experts management service, Positron Emission Tomography (PET) precursor, organic jelly candy with freeze dried berries, hand-held spectrometer design, whey utilization for the production of glucose-galactose and its use in food products as well as audio-learning materials for early childhood education. One project is concentrating on marketing only.

Priority Axis 2 Clean and valued living environment

SO 2.1 aims at promoting values and supporting wise use of natural resources and cultural heritage by developing their potential and recreational activities. 5 applications were supported with the ERDF allocation 4 752 475.17 EUR. The projects develop different tourist roots and tourism destinations in small ethno-cultural regions. These projects have most used the advantages of the social media. One of these projects is **“Coastal hiking”** where one of the project coordinators walked 1000 km to mark and develop 1000 km long hiking trail. An official approval for the route has been received from the key authorities in Estonia and Latvia. For the SO 2.2 Increased awareness of energy saving, sorting waste and re-use, and the more efficient management of common water resources, 2 applications were approved for water management and 2 for environmental

awareness with the total ERDF allocation of 1 464 361,41 EUR. Water management projects include improving environmental security in marine and coastal waters in the Gulf of Riga and Irbe Strait and development of integrated nitrogen management system for the Gulf of Riga. The projects of environmental awareness are focusing on increasing the awareness of the daily use of energy and improving energy saving in the households and communities and promoting environmentally sustainable behaviour. Under SO 2.3 1 project, Valga-Valka twin town development, was financed. The ERDF share is 2 999 999.98 EUR. The project aims at improving physical connectivity, promote tourism and activate entrepreneurship in Valga and Valka. In 2017 the project partners organized the international architectural competition "Concept for Central Area and Pedestrian Street in Valga-Valka Twin Town Centre.

Priority axis 3 Better network of harbours

Under priority axis 3 there is **1 SO: "An improved network of small harbours with good levels of service"**. The only pre-defined project was financed under this SO – "Improvement of sailing infrastructure and yacht harbours network building in Estonia and Latvia" (ESTLAT harbours). Preparatory activities for this project started already in 2015 with extensive negotiations between all relevant stakeholders. On the basis of negotiation results and as specified in the Cooperation Programme, the project application was elaborated and approved for financing in May 2017. The ERDF allocation to this project is 9 333 981.31 EUR and the total budget 10 981 154.53 EUR.

The project supports creation of a network of small harbours on the western coast of Latvia and in the Gulf of Riga and the purpose is to establish similar service standards in all harbours. With the help of the project, small harbours are improving sailing infrastructure and building network to promote East Baltic as sailing destination. Altogether 21 harbours from Estonia and Latvia started in 2017 with further development of technical documentation for infrastructure and a number of partners also proceeded with procurement and investment works. Three partners in the project are focusing on coordination and marketing activities.

Priority Axis 4 Integrated labour market

The priority axis has **1 SO „Promotion of Cross-Border Labour Market Integration and Employment"** and one project "Improved conditions for accessing jobs across the border" ("Valka-Valga mobility") received ERDF financing of 359 281.38 EUR under this SO. It addresses labour mobility and employability in cross-border area by involving major public sector stakeholders – employment agencies and local governments. These organisations join efforts to carry out strategical research about business environment of cross-border area, implement promotional activities of cross-border labour market (job fairs, networking activities for employers, informational newsletter for citizens) and activities of capacity building (information days and workshops for job seekers and unemployed persons, language courses, support of mentor for employees).

Priority axis 5 Technical Assistance

The TA was used as foreseen in the Work Plan of 2017 and in accordance with the approved budget, which was 575 065 EUR. Out of this, 384 000 EUR were allocated to the JS and 195 065 EUR to the Managing, and Audit Authority. The main activities carried out under TA were related to the consultations to the applicants, organisation of meetings of programme authorities and MC, celebration of the European Cooperation Day and networking and training activities. Also the performance evaluation of the programme was carried out in 2017, which is described in the evaluation section of the report.

Two thematic seminars for 2nd call applicants were organised by the JS as well as two partner seminars in Estonia and two partner seminars in Latvia for the partners of the approved projects of the first call. For the applicants of the project ESTLAT harbours – two partner seminars and two meetings with financial expert for compiling the financial analyses of the project took place. Other activities included one seminar for the 2nd call applicants on submitting the application in eMS, one European Cooperation Day event for wider public, one launching event for the 3rd call applicants. In total the JS organised 13 seminars for the applicants, project partners and general public, interested in the programme, and 2 MC meetings. The programme consultants provided 91 consultations for applicants in 2017; 53 of them in person in the offices of Tartu and Riga IP or after launching seminars.

The trainings included overall project management cycle and financial management training for the new employee of the MA; seminars on evaluation and indicator elaboration, monitoring and networking events.

3.2 Common and programme specific indicators (Article 50(2) of Regulation (EU) No 1303/2013)

Table 1 Result indicators (by priority axis and specific objective)

As in the Cooperation Programme						Annual value			Observations
ID	Indicator	Measurement unit	Baseline Value	Baseline Year	Target value (2023)	2015	2016	2017	
S01	The share of entrepreneurs and new businesses in the region, which are ready for cross-border cooperation	%	53%	2014	59%				Achievement will be first measured in 2018
S02	The share of entrepreneurs carrying out joint product or service development	%	14%	2014	19%				Achievement will be first measured in 2018
S03	The number of visitors at cultural and natural heritage sites	Number of visitors	3,103,576	2014	3,786,000				Achievement will be first measured in 2018
S04	Awareness of people in terms of resource efficiency	% of persons who are very familiar with the targeted topics	43%	2014	53%				Achievement will be first measured in 2018

S05	Cooperation intensity between institutions in the management of water bodies and coastal areas	% of institutions that carry out regular co-operation activities	36%	2014	59%				Achievement will be first measured in 2018
S06	The number of visiting vessels at small harbours	Number of vessels	6,420	2014	15,000				Achievement will be first measured in 2018
S07	Work commuters crossing the border	Number of persons	2,753	2014	3,100				Achievement will be first measured in 2018
S08	The share of inhabitants of Valga and Valka recognising Valga-Valka as a joint town	%	21%	2015	28%				Achievement will be first measured in 2018.
00	N/A	N/A	00	00					

Table 2 Common and programme specific output indicators (by priority axis, investment priority)

Priority axis 1 Active and attractive business environment

	ID	Indicator	Measurement unit	Target value	2016	2017	Observations
F ¹	CO01	Productive investment: Number of enterprises receiving support	Enterprises	125.00	0.00	109	
S	CO01	Productive investment: Number of enterprises receiving support	Enterprises	125.00		0.00	In Estonia-Latvia Programme 2014-2020 the annual forecast of fulfilment of indicators is not asked and is not provided by beneficiaries. In table 2, in the box S, the forecast of the 1st call for proposal is provided. This goes for all PAs.
F	CO04	Productive investment: Number of enterprises receiving non-financial support	Enterprises	125.00	0.00	109.00	
S	CO04	Productive investment: Number of enterprises receiving non-financial support	Enterprises	125.00		0.00	As a result of the first call, according to the forecast provided by the beneficiaries, 307 enterprises will receive non-financial support.
F	O01	Participants at project events, except management meetings	Number	500.00	0.00	285.00	
S	O01	Participants at project events, except management meetings	Number	500.00		0.00	As a result of the first call, according to the forecast provided by the beneficiaries, there will be 2635 participants in the project events.
F	O02	Jointly organised events, except management meetings	Number	30.00	0.00	3.00	As the projects started in 2017, the achievements were modest in 2017.

¹ F=Cumulative value — outputs delivered by operations [actual achievement] S=Cumulative value — outputs to be delivered by selected operations [forecast provided by beneficiaries]. In Estonia-Latvia programme, annual forecast of fulfilment of output indicators is not foreseen, therefore „S“ cells for separate years have been left empty.

S	O02	Jointly organised events, except management meetings	Number	30.00		0.00	Based on the projects of the 1st call, there will be 163 jointly organised events.
F	CO01	Productive investment: Number of enterprises receiving support	Enterprises	105.00	0.00	16	Please see the comment in the box "S" below
S	CO01	Productive investment: Number of enterprises receiving support	Enterprises	105.00		0.00	Based on the results of the 1 st call, 100 enterprises will receive support. However, the number will increase with subsequent calls.
F	CO02	Productive investment: Number of enterprises receiving grants	Enterprises	25.00	0.00	4.00	
S	CO02	Productive investment: Number of enterprises receiving grants	Enterprises	25.00		0.00	Based on the results of the 1st call, 15 enterprises will receive grants. However, the number will increase with subsequent calls.
F	CO04	Productive investment: Number of enterprises receiving non-financial support	Enterprises	80.00	0.00	1.00	Please see the comment in the box "S" below.
S	CO04	Productive investment: Number of enterprises receiving non-financial support	Enterprises	80.00		0.00	Based on the projects of the st call, the number of enterprises receiving non-financial support will be 85.
F	CO08	Productive investment: Employment increase in supported enterprises	Full time equivalents	60.00	0.00	0.00	As the projects started in 2017, it was too early to achieve any employment increase.
S	CO08	Productive investment: Employment increase in supported enterprises	Full time equivalents	60.00		0.00	Based on the project applications of the first call, 33 work places will be created. Efforts have been made to increase the number of work places with subsequent calls.
F	O03	Joint products and services developed in cooperation	Number	12.00	0.00	1.00	In 2017, 1 joint product was developed by the project "How the shamies learned": Guidelines by the Universities about educational methodology to be used in story line and content building/designin by authors".

S	O03	Joint products and services developed in cooperation	Number	12.00		0.00	Based on the project applications of the first call, 13 joint products and services will be delivered in cooperation.
F	O04	Joint marketing activities	Number	12.00	0.00	0.00	The projects started in 2017 and it was too early for the partners to organise joint marketing activities.
S	O04	Joint marketing activities	Number	12.00		0.00	Based on the project applications of the 1st call, 15 joint marketing activities will be carried out.

Priority Axis 2 Clean and valued living environment

	ID	Indicator	Measurement unit	Target value	2016	2017	Observations
F	O06	Improved natural or cultural heritage sites	Number	35.00	0.00	0.00	As the projects started in 2017 it was too early to deliver any improved natural or cultural sites.
S	O06	Improved natural or cultural heritage sites	Number	35.00		0.00	According to the project applications of the first call, 78 improved natural or cultural heritage sites will be delivered.
F	O07	(Sets of) products or services that are created based on cultural or natural heritage	Number	7.00	0.00	0.00	As the project started their activities in 2017, no (sets of) products or services could be delivered
S	O07	(Sets of) products or services that are created based on cultural or natural heritage	Number	7.00		0.00	According to the project applications of the 1 st call, 5 (sets of) products or services that are created based on cultural or natural heritage will be delivered. The indicator is expected to be fulfilled after subsequent calls.
F	O08	Cross-border networks that are established or which are strengthened in order to manage and promote the sites	Number	7.00	0.00	0.00	The projects started their activities in 2017 and therefore no actual achievements can be reported at this stage.

	ID	Indicator	Measurement unit	Target value	2016	2017	Observations
S	O08	Cross-border networks that are established or which are strengthened in order to manage and promote the sites	Number	7.00		0.00	According to approved applications of the 1st call, 8 cross-border networks will be established.
F	21	Improved and revitalised cross-border joint urban area	Square meter	18,000.00	0.00	0.00	The project started in 2017 and therefore no achievements can be reported.
S	21	Improved and revitalised cross-border joint urban area	Square meter	18,000.00		0.00	This indicator concerns only one specific project and 18,000 square meters of improved joint urban area of Valga and Valka will be achieved by the end of the project
F	O09	Participants at project events, except management meetings	Number	450.00	0.00	253.00	
S	O09	Participants at project events, except management meetings	Number	450.00		0.00	According to estimations provided by the beneficiaries of the 1 st call, the number of participants will be 3760.
F	O10	Public campaigns that are targeted at environmentally-friendlier behaviour	Number	6.00	0.00	1.00	The projects started in 2017 and that is why the achievement of the target was modest. The only public campaign in 2017 was carried out by the project « Green Public Events ».
S	O10	Public campaigns that are targeted at environmentally-friendlier behaviour	Number	6.00		0.00	Based on the estimations of the 1st call, the number of public campaigns to be carried out is 3, but the target is expected to be fulfilled with subsequent calls.
F	O11	Joint management initiatives for water or coastal areas	Number	5.00	0.00	0.00	The projects started in 2017 and it is too early to report on joint management initiatives.
S	O11	Joint management initiatives for water or coastal areas	Number	5.00		0.00	Based on the results of the 1st call there will be two joint management initiatives. The target is expected to be fulfilled with subsequent calls.

	ID	Indicator	Measurement unit	Target value	2016	2017	Observations
F	O12	Small-scale investments	Number	40.00	0.00	1.00	1 small scale investment refers to 1 solar panel within the project « Green Public Events ».
S	O12	Small-scale investments	Number	40.00		0.00	Based on the project applications of the 1st call, 27 small-scale investments will be delivered. The target is expected to be fulfilled with subsequent calls.

Priority axis 3 Better network of harbours

	ID	Indicator	Measurement unit	Target value	2016	2017	Observations
F	O13	Small harbours with improved services	Number	17.00	0.00	0.00	The project on which this indicator is based, started only in 2017 and therefore no achievements can be reported by the end of 2017.
S	O13	Small harbours with improved services	Number	17.00		0.00	This is a pre-defined project and 17 harbours were included in the cooperation programme. The indicator will be achieved by the end of the programme.

Priority axis 4 Integrated labour market

	ID	Indicator	Measurement unit	Target value	2016	2017	Observations
F	O14	New and/or improved services for job seekers and/or job providers	Number	2.00	0.00	0.00	The only project approved under PA4 within 1st call started on 1.08.2017 and it is too early to report on new or improved services.
S	O14	New and/or improved services for job seekers and/or job providers	Number	2.00		0.00	Based on the applications of the 1st call, there will be 4 new and/or improved services for job seekers and/or job providers.
F	O15	Participants in cross-border mobility initiatives	Number	160.00	0.00	0.00	The projects in this area started only in 2017 and therefore no achievements can be reported.
S	O15	Participants in cross-border mobility initiatives	Number	160.00		0.00	According to the forecast of the first call, there will be 200 participants in the cross-border mobility initiatives.

Priority axis 5 Technical assistance

	ID	Indicator	Measurement unit	Target value	2016	2017	Observations
	O17	Approved projects	Number	45.00	0.00	29.00	
S	O17	Approved projects	Number	45.00		29.00	
F	O18	Face-to-face consultations provided to applicants	Number	220.00	71	135	The number of consultations is shown cumulatively. In 2015 the number of face-to-face consultation was 11, In 2016, the number was 71 and in 2017, it was 53

	ID	Indicator	Measurement unit	Target value	2016	2017	Observations
S	O18	Face-to-face consultations provided to applicants	Number	220.00		0.00	
F	O19	Events organised for applicants, partners of supported projects, and the general public	Number	50.00	4	19.00	The figure is cumulative. After the adoption in 2015, the Programme was introduced at 2 events, once in Latvia and once in Estonia. In 2016 there were 4 events organised for applicants and general public. In 2017, the number of events organised for applicants was 13
S	O19	Events organised for applicants, partners of supported projects, and the general public	Number	50.00		0.00	
F	O20	Employees (full-time equivalents - FTEs) whose salaries are co-financed by technical assistance	Number	12.00		11.50	The FTE for 2017 represents 3 for MA, 1 for AA, 7,5 for JS
S	O20	Employees (full-time equivalents - FTEs) whose salaries are co-financed by technical assistance	Number	12.00		0.00	

3.3 Milestones and targets defined in the performance framework (Article 5082) of Regulation (EU) No 1303/2013)

Table 3

PA	Ind type	ID	Indicator	Measurement unit	Milestone for 2018 Total	Target value (2023)	2017 Total	2017 Qualitative	2016 Total	2016 Qualitative
1	F	F01	Expenditure ² , priority axis 1	EUR	2 514 380.00	13 374 340.00	407 244,66		0	
1	I	03	Approved projects	number	10		17		0	
1	O	O03	Joint products and services developed in cooperation	number	0	12	1		0	
1	O	O04	Joint marketing activities	number	0	12	0		0	
2	F	F02	Expenditure, priority axis 2	EUR	3 018 127.00	16 053 871.00	401 129,94		0	
2	I	03	Approved projects	Number	9		10		0	
2	O	007	(Sets) of products or services that are created based on cultural or natural heritage	Number	0	6.00	0		0	
2	O	O10	Public campaigns that are targeted at environmentally-friendlier behaviour	Number	0	6.00	1		0	

² The expenditure refers to the amounts certified to the European Commission as included in table 4.

2	O	O11	Joint management initiatives for water and coastal areas	Number	0	5.00	0		0	
2	O	O21	Improved and revitalised cross-border joint urban area	Square meter	0	18,000	0		0	
3	F	F03	Expenditure. Priority axis 3	EUR	2 064 480.00	10 981 275.00	0,00		0	
3	I	03	Approved projects	number	1		1		0	
3	I	01	Small harbours within approved projects aimed at improving those harbours	number	10		21		0	
3	O	O13	Small harbours with improved services	number		17	0		0	
4	F	F04	Expenditure, priority axis 4	EUR	223 649.00	1 189 626.00	5 000,00		0	
4	I	03	Approved projects	Number	1		1		0	
4	O	O14	New and/or improved services for job seekers and/or job providers	Number	0	2	0		0	

3.4 Financial data (Article 50(2) of Regulation (EU) No 1303/2013)

Table 4 Financial information at priority axis and programme level

The financial allocation of the priority axis based on the operational programme					Cumulative data on the financial progress of the operational programme					
Priority axis	Fund	Basis for the calculation of Union support	Total funding (€)	Co-financing rate (%)	Total eligible cost of operations selected for support (€)	Proportion of the total allocation covered with selected operations (%)	Public eligible cost of operations selected for support (€)	Total eligible expenditure declared by beneficiaries to the managing authority	Proportion of the total allocation covered by eligible expenditure declared by beneficiaries (5)	Number of selected operations
1	ERDF	Total	13,374,340.00	85.00	6 658 676,88	49,79	5 799 587,05	407 244,66	3,04	17
2	ERDF	Total	16,053,871.00	85.00	10 843 337,20	67,54	10 467 201,01	401 129,94	2,50	10
3	ERDF	Total	10,981,275.00	85.00	10 981 154,53	100,00	10 106 763,40	0,00	0,00	1
4	ERDF	Total	1,189,626.00	85.00	422 683,98	35,53	422 683,98	5 000,00	0,42	1
5	ERDF	Total	4,055,230.00	65.63	1,298,454	32,02	1 298 454,00	117 681,58	2,90	4
Total	ERDF		45,654,342.00	83.28	30 204 306,59	66,16	28 094 689,44	931 056,18	2,04	33
Grand total	ERDF		45,654,342.00	83.28	30 204 306,59	66,16	28 094 689,44	931 056,18	2,04	33

Table 5 Breakdown of cumulative financial data by category of intervention (Article 112(1) and (2) of Regulation (EU) No 1303/2013 and Article 5 of Regulation (EU) No 1304³

Priority axis	Fund	Intervention field	Form of finance	Territorial dimension	Territorial delivery mechanism	Thematic objective dimension	ESF secondary theme	Economic dimension	Location dimension	Total eligible cost of operations selected for support	Public eligible cost of operations selected for support	The total eligible expenditure declared by beneficiaries to the managing authority	Number of operations selected
1	ERDF	067	01	01	07	03		24	EE008	1,350,850.00	1,226,026.75	17,172.70	3
1	ERDF	067	01	01	07	03		24	LV003	389,365.97	362,427.84	5,000.00	1
1	ERDF	067	01	01	07	03		24	LV006	619,101.69	568,313.60	5,000.00	2
1	ERDF	067	01	03	07	03		24	EE008	763,035.10	763,035.10	57,679.41	3
1	ERDF	104	01	01	07	03		03	EE001	536,349.00	417,661.98	95,060.25	1
1	ERDF	104	01	01	07	03		03	LV006	183,209.20	155,727.82	5,000.00	1
1	ERDF	104	01	01	07	03		07	EE008	1,389,401.47	1,217,415.67	74,441.44	3
1	ERDF	104	01	01	07	03		13	EE004	315,770.00	268,404.50	70,630.73	1

³ This table is completed according to Annex 1 of the Commission Implementing Regulation (EU) No 215/2014 of 7 March 2014. The codes of the economic dimension refer to the following:

- 24 other unspecified services
- 03 manufacture of food products and beverages
- 07 other unspecified manufacturing services
- 13 Information and communication activities, including telecommunication, information service activities, computer programming, consultancy and related activities
- 22 Activities linked to the environment and to climate change
- 18 Public administration
- 15 Tourism, accommodation and food service activities
- 18 Public administration

Priority axis	Fund	Intervention field	Form of finance	Territorial dimension	Territorial delivery mechanism	Thematic objective dimension	ESF secondary theme	Economic dimension	Location dimension	Total eligible cost of operations selected for support	Public eligible cost of operations selected for support	The total eligible expenditure declared by beneficiaries to the managing authority	Number of operations selected
1	ERDF	104	01	01	07	03		13	EE008	765,584.45	493,198.59	72,260.13	1
1	ERDF	104	01	01	07	03		24	EE008	346,010.00	327,375.20	5,000.00	1
2	ERDF	018	01	02	07	06		22	LV006	457,942.94	389,251.49	65,987.93	1
2	ERDF	018	01	03	07	06		22	EE008	289,730.00	289,730.00	5,000.00	1
2	ERDF	021	01	01	07	06		22	EE001	427,290.00	427,290.00	5,000.00	1
2	ERDF	021	01	01	07	06		22	LV006	547,815.20	547,815.20	11,770.46	1
2	ERDF	055	01	02	07	06		18	LV008	3,529,411.76	3,529,411.76	0.00	1
2	ERDF	091	01	03	07	06		15	EE001	1,059,789.00	971,673.00	66,527.00	1
2	ERDF	091	01	03	07	06		15	EE008	1,174,938.10	1,174,938.10	66,118.89	1
2	ERDF	091	01	03	07	06		15	LV003	1,143,135.40	1,074,300.85	5,000.00	1
2	ERDF	091	01	03	07	06		15	LV007	1,089,737.80	963,820.36	87,580.06	1
2	ERDF	091	01	03	07	06		15	LV008	1,123,547.00	1,098,970.25	88,145.60	1
3	ERDF	040	01	01	07	07		15	LV006	10,981,154.53	10,106,763.40	0.00	1
4	ERDF	102	01	02	07	08		24	LV006	422,683.98	422,683.98	5,000.00	1
5	ERDF	121	01	01	07			18	EE001	1,298,454.00	1,298,454.00	117,681.58	4

Table 6 Cumulative cost of all or part of an operation implemented outside the Union part of the programme area

1. Operation (2)	2. The amount of ERDF support(1) envisaged to be used for all or part of an operation implemented outside the Union part of the programme area based on selected operations	3. Share of the total financial allocation to all or part of an operation located outside the Union part of the programme area (%) (column 2/total amount allocated to the support from the ERDF at programme level *100)	4. Eligible expenditure of ERDF support incurred in all or part of an operation implemented outside the Union part of the programme area declared by the beneficiary to the managing authority	5. Share of the total financial allocation to all or part of an operation located outside the Union part of the programme area (%) (column 4/total amount allocated to the support from the ERDF at programme level *100)
Whey valorization	217 324,5	0,57%	67 474,4	0,18%
Delbi 2	76 160	0,20%	7 236	0,02%
EstLat Accelerate	32 257	0,08%	2 346	0,01%
Coastal Hiking	61 415	0,16%	3 268	0,01%
Livonian Culinary Route	135 202	0,36%	19 211	0,05%

(1) ERDF support is the Commission decision on the respective cooperation programme.

(2) In accordance with and subject to ceilings set out Article 20 of Regulation (EU) No 1299/2013.

4. SYNTHESIS OF THE EVALUATION (Article 50(2) of Regulation (EU) No 1303/2013)

The Evaluation plan of the programme was approved on 16 November 2016. It included also performance evaluation of the programme. Following internal discussion between the programme authorities it was concluded that within the performance evaluation it is most reasonable to carry out the evaluation of the communication strategy of the programme. This proposal was made also to the MC. At the meeting in July 2017, the MC approved the proposal to evaluate the communication strategy along with the Term of Reference (ToR).

Evaluation time-frame:

May 2017: deadline for ToR

13 July 2017: ToR was approved by the MC with some recommendations

July 2017: Launch of the tender (no offers received)

September 2017: Launch of the new tender (3 offers received)

October 2017: Contract with the winning tenderer signed.

Deadline for evaluation report: December 2017. The evaluation report was received on 27 December 2017.

Evaluation focussed upon communication activities implemented under the Estonia-Latvia Cross-Border Cooperation Programme in 2014 -2020 period. The main task of the evaluation is to assess, whether the Communication Strategy of the programme has been implemented in an effective way and highlight any areas for improvement.

Evaluation was carried out by SAFEGE Baltija, Ltd & Comperio, Ltd. Following the comments of the NRAs, MA and JS, final report was submitted on 15th January, 2018.

The methods used in the evaluation: web-based survey, focus group discussions, expert interviews direct or phone, expert evaluation.

The online survey was conducted in the period December 5 – 11, 2017 via online survey tool visidati.lv. Requests to participate in the survey were sent via email to the Lead partners and partners of the supported projects under Estonia – Latvia Cross-border cooperation programme, contact persons of the submitted project ideas and to the applicants whose projects were not selected for financing, as well as persons who have been in any contact with the Joint Secretariat regarding programme but have not submitted project idea or project proposal. In total there were 788 requests sent and 123 responses received (75 from Latvia, 48 from Estonia). 16 phone and face-to-face interviews were conducted (9 with Latvians, 7 with Estonians) in period November 28 – December 14, 2017. In depth interviews were held with project beneficiaries from different fields (tourism, entrepreneurship, municipalities, etc.) as well as external experts (such as different umbrella organisations, representatives from NGOs and

academic institutions, etc.) In addition, 1 focus group discussion with programme authorities was held.

Key findings

The key audience for the communication activities are the potential applicants and beneficiaries: national, regional and local authorities, public equivalent bodies, private companies, education and research institutions, business support institutions and non-governmental organisations within the eligible area of the programme.

Since 2015 the programme has reached over 39 thousand persons in Latvia and Estonia through the web page. 5,2% of the reached persons have participated in various events organised by the programme and 4,3% follow the programme on Facebook. 1,3% of those reached have submitted project ideas and 0,58% have become beneficiaries. The programme has reached proportionally similar number of persons in Estonia and Latvia, however, persons and organisations from Latvia have participated more actively in communication activities.

How effective has been communication?

The programme and work of the JS is perceived positively among the potential and current beneficiaries. All methods of communication (events, social media, website, publications, direct communication) have received high average scores (above 4 or close to it) regarding their usability, accuracy, relevance and timing. In particular,

- The website www.estlat.eu is seen as the main source of useful and accurate information. It has acquired 292 912 views made by 37 878 users. The beneficiaries are satisfied with the access to documents, but some of the first-time site visitors struggle to find necessary information;
- 33 events organised by the JS have attracted 2032 persons, including 1415 participants of specific programme events and 617 participants of the European Co-operation days. However, there seem to be different expectations from the perspective of more vs. less experienced organisations. While more experienced seek information on rules and requirements, those with less experience look for inspiration, partners and overall understanding of the Programme;
- Facebook page of the programme has one of the highest number of followers (1664) if compared to similar programmes. However, the reach of the programme seems to be lower than average. Also the interviewed persons and almost 40% of the respondents acknowledged that they did not follow the Facebook page, which might indicate, that the page mainly serves as a source of inspiration;
- The most successful publications and promotional materials are considered the short infographic style extracts about the rules of the programme and project stories. The overall rating of the programme documents is “4”, which confirms, that these documents are considered as clear and user friendly;

- There is an overall consent among the interviewed persons that direct communication via emails is very useful, non-disturbing and sufficient, particularly, due to their busy schedules.

In general it may be concluded that communication activities implemented under the programme have reached the target groups in an effective way, as demonstrated by statistics and the number of applications submitted, and comments expressed during the interviews and survey.

5. ISSUES AFFECTING THE PERFORMANCE OF THE PROGRAMME AND MEASURES TAKEN (Article 50(2) of Regulation (EU) No 1303/2013)

There were no serious issues in 2017 that would have affected the performance of the programme. Two applicants who received a negative financing decision on the project application in the first call for proposals, submitted a complaint. The complaint panel of the programme reviewed the complaints and decided to ask additional information from the partners of both projects. After examining this information, the complaint panel decided to propose both projects for the MC to select for financing.

However, as considerable time had passed from the check of technical eligibility (TE) criteria, it was decided to re-check some of those criteria, mostly related to financial issues. Following this check, one project was approved but the other received a negative administrative decision due to inability to fulfil one re-checked TE criterion. The financing decision for the approved project was issued by the MA in January 2018.

6. CITIZEN'S SUMMARY (Article 50(9) of Regulation (EU) No 1303/2013)

Citizen's summary is a separate document annexed to this Annual Implementation Report and will be uploaded separately in the SFC2014 system. It will be also made available on the programme web site.

7. REPORT ON IMPLEMENTATION OF FINANCIAL INSTRUMENTS (Article 46 of Regulation (EU) No 1303/2013)

Financial instruments are not applicable to the Cooperation Programme Interreg V-A – Estonia – Latvia.

8. CONTRIBUTION TO MACRO-REGIONAL AND SEA BASIN STRATEGIES

The territory of the Estonia- Latvia Programme 2014-2020 is part of the area covered by the European Union Strategy for the Baltic Sea Region (Strategy). In the implementation of the programme, the principles of the strategy are taken into account as much as possible. The programme has developed certain criteria to identify whether a concrete project is related to or contributes to the Strategy. These criteria are described in the Programme Manual.

Following the 1st call for proposal, there are currently two projects, which contribute to different areas of the Strategy:

1) “Integrated Nitrogen Management System for the Gulf of Riga” with a short name “GURINIMAS”

The objective of the project is to develop an integrated nitrogen (N) management system for the Gulf of Riga in close cooperation between Estonian and Latvian authorities and research institutions. The management approach provides additional, cost-effective measures to control internal flows between relevant sectors of the economy/ecosystems including accumulation and to increase the efficiency of use of N and to reduce N loss.

The total budget of the project is EUR 427 290; the ERDF contribution is EUR 363 196.50. The Lead partner is Estonian Ministry of Environment and the partners are: Tallinn University of Technology, Latvian Environment, Geology and Meteorology Centre, Latvia University of Agriculture, Latvian State Forest Research Institute "Silava", Latvian Institute of Aquatic Ecology.

Analysing the project, it was concluded that the project contributes to the Strategy as it has an effect beyond the programme territory, in principle it should influence the whole Gulf of Riga. Also the results can be used outside the programme area and it supports the Strategy objective Save the Sea having a direct link with a *PA Nutri – Reducing nutrient inputs the sea to acceptable levels*.

2) Improvement of sailing infrastructure and yacht harbours network building in Estonia and Latvia (ESTLAT harbours)

The objective of this project is to improve sailing infrastructure and build network of harbours in Estonia and Latvia to promote East-Baltic as sailing destination.

The project is going to establish network of 21 harbours with standardised and harmonised service levels along the coastline in Estonia and Latvia. Network building is done by adding density and fulfilling the gaps with the harbours, so the network becomes functional and can provide harbours within one day sailing. In addition to attracting recreational sailors from Latvia and Estonia it should also provide access and become part of the routes to/from more distant destinations like Rostock – Tallinn, St Petersburg – Helsinki – Klaipeda.

The total budget is of the project is 10 981 270,62 EUR and the ERDF contribution is 9 334 079,99 EUR. The Lead partner is Kurzeme Planning Region from Latvia and all in all the project has 23 partners, three partners are focussing on marketing activities.

Analysing the project it was considered that the project contributes to the Strategy as it helps to connect the region and to develop the Baltic Sea Region as a common tourist destination thus being linked to the *PA Tourism - Reinforcing cohesiveness of the macro-region through tourism*. The improved harbours with increasing number of tourists will definitely help to create also new jobs at places, which is vital for the local communities.